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Message Text

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44
ACTION NEA-12

INFO OCT-01 ARA-11 EUR-25 ADP-00 EB-11 COME-00 INT-08

GAC-01 OMB-01 TRSE-00 CIAE-00 DODE-00 PM-09 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 SCEM-02 IO-12 CIEP-02 RSR-01 /153 W
---------- 124670
R 071245 Z MAY 73
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 2196
INFO AMEMBASSY CARACAS
AMEMBASSY DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS

C O N F I D E N T I A L TEHRAN 3165

E. O. 11652: GDS
TAGS: ENRG, IR
SSUBJECT: GOI/ CONSORTIUM NEGOTIATIONS

1. BRAZELL AND OTHER U. S. MEMBERS CONSORTIUM NEGOTIATING TEAM BRIEFED ECONCOUNSELOR MAY 2. REPORTED THAT AFTER VERY DIFFICULT WEEK IMMEDIATELY AFTER LAST JAMIESON AND STEELE MEETINGS WITH SHAH, TALKS HAD BEGUN TO MAKE CONSIDERABLE PROGRESS. ONE MAJOR POINT SETTLED IS NATURE OF DOCUMENTS ESTABLISHING NEW ARRANGE-MENTS. THERE WILL BE SHOR LAW PRESENTED TO MAJLIS DESCRIBING NEW ORGANIZATION BRIEFLY AND VERY GENERALLY AND AUTHORIZING NIOC SIGN DETAILED AGREEMENT FOR NEW ARRANGEMENTS. DETAILED AGREE-MENT WILL NOT BE MADE PUBLIC AND WILL GIVE TO CONTRACTOR COM-PANY MUCH OF MANAGEMENT AUTHORITY NOW HELD BY CONSORTIUM.

2. GROUP REPORTED MOST OF PROBLEMS INVOLVED IN PARTICIPATION EQUIVALENCY QUESTION HAVE BEEN RESOLVED. (WE UNDERSTAND FROM NIOC SOURCE THAT MOST IMPORTANT REMAINING QUESTION IS AGREEING ON
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COMPARISON BETWEEN SAUDI AND IRANIAN CRUDES IN ORDER TO DETERMINE FIGURES FOR IRANIAN OIL DERIVED FROM SAUDI PARTICIPATION PRICES.) MAJOR BREAKTHROUGH WAS AGREEMENT OF IRANIAN NEGOTIATORS THAT FOR FINANCIAL PURPOSES GENERAL PARTICIPATION AGREEMENT WOULD BE APPLIED TO IRAN AS THOUGH GOI HAD SIGNED IT.

3. ECONCOUNSELOR AND PETOFF REVIEWED WITH CONSORTIUM GROUP ATTITUDES AND INTERNAL CONFLICTS IRANIAN SIDE. NEGOTIATORS BELIEVE FALLAH, WHOM THEY SEE AS SELF- SEEKING FREE WHEELER UNINTERESTED IN NIOC' S FUTURE, FAILED PROPERLY ADVISE SHAH AT ST. MORITZ AND IN RECENT AUDIENCES WITH STEELE AND JAMIYCON. MANY OF THEM THINK THAT RESULT AMOUNTED TO PERPETUATION OF CONSORTIUM IN ANOTHER GUISE. ACCORDINGLY, THEY RESENT HAVING TO PRETEND TO NEGOTIATE WHAT
SEEMS TO THEM A VIRTUAL CAPITULATION TO CONSRTIUM. THIS RESENTMENT EXPRESSED IN PETTINESS OVER SMALL POINT AND IN LONG EFFORT FORCE CONSORTIUM RENEGOTIATE 1954 AGREEMENT DESPITE CLEAR STATEMENT TO CONTRARY IN ST. MORITZ MEMORANDUM OF UNDERSTANDING. EMBOFFS
AND CONSORTIUM GROUP AGREED AT END OF DISCUSSION THAT COMBINATION OF FATIGUE, HOPELESSNESS, AND EXPRESSIONS OF IMPATIENCE FROM SHAH HAD FINALLY PREVAILED ON IRANIAN NEGOTIATORS.
HELMS

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*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL
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Subject: GOI/ CONSORTIUM NEGOTIATIONS
TAGS: ENRG, IR
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Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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